

109TH CONGRESS
1ST SESSION

H. R. 1091

To amend the Internal Revenue Code of 1986 to provide for small business tax incentives, to amend the Fair Labor Standards Act of 1938 to increase the minimum wage and to increase the exemption for annual gross volume of sales made or business done by an enterprise, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 2005

Mr. ENGLISH of Pennsylvania introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to provide for small business tax incentives, to amend the Fair Labor Standards Act of 1938 to increase the minimum wage and to increase the exemption for annual gross volume of sales made or business done by an enterprise, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SMALL BUSINESS TAX INCENTIVES.**

4 (a) INCREASE IN SECTION 179 EXPENSING.—

1 (1) INCREASE IN DOLLAR LIMITATION MADE
2 PERMANENT.—Paragraph (1) of section 179(b) of
3 the Internal Revenue Code of 1986 (relating to dol-
4 lar limitation) is amended by striking “\$25,000
5 (\$100,000 in the case of taxable years beginning
6 after 2002 and before 2008)” and inserting
7 “\$100,000”.

8 (2) INCREASE IN THRESHOLD FOR REDUCTION
9 OF DOLLAR LIMITATION.—Paragraph (2) of section
10 179(b) of such Code (relating to reduction in limita-
11 tion) is amended by striking “\$200,000 (\$400,000
12 in the case of taxable years beginning after 2002
13 and before 2008)” and inserting “\$500,000”.

14 (3) INFLATION ADJUSTMENT.—Paragraph (5)
15 of section 179(b) of such Code (relating to inflations
16 adjustments) is amended to read as follows:

17 “(5) INFLATION ADJUSTMENTS.—

18 “(A) DOLLAR LIMITATION.—In the case of
19 any taxable year beginning in a calendar year
20 after 2005, the \$100,000 amount in paragraph
21 (1) shall be increased by an amount equal to—

22 “(i) such dollar amount, multiplied by

23 “(ii) the cost-of-living adjustment
24 under section 1(f)(3) for the calendar year
25 in which the taxable year begins deter-

1 mined by substituting ‘calendar year 2002’
2 for ‘calendar year 1992’ in subparagraph
3 (B) thereof.

4 “(B) PHASEOUT AMOUNT.—In the case of
5 any taxable year beginning in a calendar year
6 after 2006, the \$500,000 amount in paragraph
7 (2) shall be increased by an amount equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the cost-of-living adjustment
10 under section 1(f)(3) for the calendar year
11 in which the taxable year begins deter-
12 mined by substituting ‘calendar year 2005’
13 for ‘calendar year 1992’ in subparagraph
14 (B) thereof.

15 “(C) ROUNDING.—

16 “(i) DOLLAR LIMITATION.—If the
17 amount in paragraph (1) as increased
18 under subparagraph (A) is not a multiple
19 of \$1,000, such amount shall be rounded
20 to the nearest multiple of \$1,000.

21 “(ii) PHASEOUT AMOUNT.—If the
22 amount in paragraph (2) as increased
23 under subparagraph (B) is not a multiple
24 of \$10,000, such amount shall be rounded
25 to the nearest multiple of \$10,000.”.

1 (4) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to taxable years begin-
3 ning after December 31, 2005.

4 (b) WORK OPPORTUNITY CREDIT, WELFARE-TO-
5 WORK CREDIT, AND RESEARCH CREDIT ALLOWED
6 AGAINST ALTERNATIVE MINIMUM TAX.—

7 (1) IN GENERAL.—Subparagraph (B) of section
8 38(c)(4) of the Internal Revenue Code of 1986 is
9 amended by striking the period at the end of clause
10 (ii)(II) and inserting a comma and by adding at the
11 end the following new clauses:

12 “(iii) the credit determined under sec-
13 tion 51,

14 “(iv) the credit determined under sec-
15 tion 51A, and

16 “(v) the credit determined under sec-
17 tion 41.”.

18 (2) EFFECTIVE DATE.—The amendments made
19 by this subsection shall apply to taxable years begin-
20 ning after December 31, 2005.

21 **SEC. 2. STANDARD HOME OFFICE DEDUCTION.**

22 (a) IN GENERAL.—Subsection (c) of section 280A of
23 the Internal Revenue Code of 1986 (relating to disallow-
24 ance of certain expenses in connection with business use

1 of home, rental of vacation homes, etc.) is amended by
 2 adding at the end the following new paragraph:

3 “(7) STANDARD HOME OFFICE DEDUCTION.—If
 4 the taxpayer elects (at such time and in such form
 5 and manner as the Secretary may prescribe) to have
 6 this paragraph apply for any taxable year, in the
 7 case of a use described in paragraph (1), (2), or (4),
 8 and in the case of a use described in paragraph (3)
 9 where the dwelling unit is used by the taxpayer dur-
 10 ing the taxable year as a residence—

11 “(A) there shall be allowed as a deduction
 12 an amount equal to \$2,500, and

13 “(B) no deduction otherwise allowable
 14 under this chapter shall be allowed with respect
 15 to such use.”.

16 (b) EFFECTIVE DATE.—The amendment made by
 17 this section shall apply to taxable years beginning after
 18 the date of the enactment of this Act.

19 **SEC. 3. MINIMUM WAGE PROVISIONS.**

20 (a) EXEMPTION FOR SMALL EMPLOYERS.—

21 (1) IN GENERAL.—Section 6 of the Fair Labor
 22 Standards Act of 1938 (29 U.S.C. 206) is amend-
 23 ed—

1 (A) in subsection (a), by inserting after
 2 “Every employer” the following: “who employs
 3 ten or more employees”; and

4 (B) in subsection (b), by inserting after
 5 “Every employer” the following: “who employs
 6 ten or more employees”.

7 (2) EFFECTIVE DATE.—The amendments made
 8 by this subsection shall apply beginning October 1,
 9 2006.

10 (b) PHASED INCREASE.—Section 6(a) of such Act
 11 (29 U.S.C. 206(a)) is amended by striking paragraph (1)
 12 and inserting the following new paragraph:

13 “(1) except as otherwise provided in this sec-
 14 tion, not less than \$5.15 an hour through the period
 15 ending September 30, 2006, not less than \$5.50 an
 16 hour during the year beginning October 1, 2006, not
 17 less than \$6.00 an hour during the year beginning
 18 October 1, 2007, and not less than \$6.50 an hour
 19 beginning October 1, 2008;”.

20 **SEC. 4. INCREASED EXEMPTION FOR ANNUAL GROSS VOL-**
 21 **UME OF SALES MADE OR BUSINESS DONE BY**
 22 **AN ENTERPRISE.**

23 Section 3(s)(1)(A)(ii) of the Fair Labor Standards
 24 Act of 1938 (29 U.S.C. 203(s)(1)(A)(ii)) is amended to
 25 read as follows:

1 “(ii) is an enterprise whose gross volume
 2 of sales made or business done during the tax-
 3 able year (exclusive of excise taxes at the retail
 4 level that are separately stated) is not less than
 5 \$500,000 in the case of taxable years ending
 6 before October 1, 2006, not less than \$650,000
 7 in the case of taxable years ending during the
 8 year beginning October 1, 2006, not less than
 9 \$800,000 in the case of taxable years ending
 10 during the year beginning October 1, 2007, and
 11 not less than \$1,000,000 in the case of taxable
 12 years ending after September 30, 2008;”.

13 **SEC. 5. EARNED INCOME EXCLUSION UNDER THE SSI PRO-**
 14 **GRAM.**

15 (a) IN GENERAL.—Section 1612(b) of the Social Se-
 16 curity Act (42 U.S.C. 1382a(b)) is amended—

17 (1) by striking “and” at the end of paragraph
 18 (22);

19 (2) by striking the period at the end of para-
 20 graph (23) and inserting “; and”; and

21 (3) by adding at the end the following:

22 “(24)(A) if such individual does not have an eli-
 23 gible spouse, the amount (if any) by which the min-
 24 imum wage rate in effect for the month under sec-
 25 tion 6 of the Fair Labor Standards Act of 1938

1 multiplied by the number of hours for which such in-
2 dividual is gainfully employed during the month ex-
3 ceeds the total amount of earned income of such in-
4 dividual excluded by the preceding provisions of this
5 subsection for the month; or

6 “(B) if such individual has an eligible spouse,
7 the amount (if any) by which the minimum wage
8 rate in effect for the month under section 6 of the
9 Fair Labor Standards Act of 1938 multiplied by the
10 total number of hours for which such individual and
11 such spouse are gainfully employed during the
12 month exceeds the total amount of earned income of
13 such individual and such spouse excluded by the pre-
14 ceding provisions of this subsection for the month.”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 subsection (a) shall take effect on October 1, 2006, and
17 shall apply to benefits for months beginning on or after
18 such date.

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